August 15, a1961 Rec'd: 7:28 p.m.

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FROM: Moscow

TO: Secretary of State

528, August 15, 6 p.m. NO:

ACTION DEPARTMENT 528: INFORMATION LONDON 97, PARIS 125. BONN 76. BERLIN 51

Damaging political implications of sealing borders between East and West Berlin and unilateral removal refugee problem as potential subject for east-west negotiations suggest that decision forced on Soviets when refugee flow started to reach flood proportions. If we can assume that decision formally taken at August 3-5 Warsaw Pact meeting here, this would help explain Khrushchev outbursts last week.

Whereas refugee outflow created pressure on Soviets to bring Berlin problem to a head, move, if successfully implemented. might reduce urgency of Soviet efforts to change status of West Berlin and facilitate Soviet acceptance of proposals,

perhaps by intermediaries, which may be made in coming months.

Important effect of measures will be to make further division East and West Berlin part of status quo, making all-Berlin solution still more remote and eliminating need for awkward western choice on refugees in possible negotiations on interim settlement. In this sense Soviets may calculate move will make it easier to reach mutually acceptable settlement.

Et same time it would seem from here that focussing attention on refugee problem and virtual admission of GDR's lack of popular support will make Soviets more vulnerable than ever Eo exploit neutralist desire for negotiated settlement of the same on west to enter talks in 1961 on basis Soviet self-determination issue and will make it more diffi ilt exploit neutralist desire for negotiated settlement .

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demands for changing West Berlin status.

Also significant that Warsaw Pact represented as agency responsible for move end that it not adopted unilaterally by GDR. This of course provides fresh pretexr for use Soviet occupation forces if necessary in backing-up enforcement but also appears to reflect nervousness about letting GDR take measure of this kind on its own.

Fragmentary reactions man-in-street, as Embassy has been able gather them so far, indicate ordinary citizens well aware measures aimed at stopping refugee flow and surprised learn (by inference from language employed in documents themselves and Soviet press treatment) how large flow must have been.

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